



### Important Reminders for Used Vehicle Dealers

Starting January 1, 2021, important changes impacting used vehicle dealers went into effect. Used vehicle dealers were previously notified of these changes in the special notice, *Changes Affecting Used Vehicle Dealers and Vehicle Auction Houses Beginning January 1, 2021*, at [www.cdtfa.ca.gov/formspubs/L766.pdf](http://www.cdtfa.ca.gov/formspubs/L766.pdf). If you are a used vehicle dealer, below are some important reminders:

- Your filing frequency (reporting basis) is now monthly.
- You must complete a new schedule, [CDTEA-531-MV](#), *Used Vehicle Dealers – Sales Report*, with your returns. A video tutorial on how to complete this schedule is available on our website at [www.cdtfa.ca.gov/services/#Tutorials](http://www.cdtfa.ca.gov/services/#Tutorials).
- You will be notified by the Department of Motor Vehicles (DMV) when you are required to start paying sales tax to them. If you have not been notified by the DMV, please continue making sales tax payments to the California Department of Tax and Fee Administration (CDTFA).
- You must ensure that your seller's permit number and sales date are correct on each *Report of Sale (ROS)* submitted to the DMV. Payments made to the DMV will automatically be applied to your sales and use tax account using your seller's permit number and the sales date provided on the ROS.

For more information about the changes affecting used vehicle dealers, please see our *New Legislation Affecting Used Vehicle Dealers - Frequently Asked Questions (FAQs)* webpage at [www.cdtfa.ca.gov/industry/faqs-for-used-vehicle-dealers.htm](http://www.cdtfa.ca.gov/industry/faqs-for-used-vehicle-dealers.htm).

### Revised Regulation Addresses How Tax Applies to Certain Sales of Meals, Food, and Beverages on Indian Reservations

Regulation [1616](#), *Federal Areas*, was recently amended to clarify that federal law preempts the imposition of California's sales tax on sales of meals, food, and beverages by a non-Indian retailer to an Indian who resides on a reservation. Federal law also preempts the imposition of California's use tax on purchases from a non-Indian retailer of meals, food, and beverages for consumption on an Indian reservation by a non-Indian or an Indian who does not reside on a reservation. As a result, sales of meals, food, and beverages by a non-Indian retailer are not taxable provided the following requirements are met:

- The non-Indian retailer's business is an eating or drinking establishment, such as a restaurant or bar,
- The non-Indian retailer's business is operated on an Indian reservation under a federally authorized lease or sublease,
- A tax is imposed by an Indian tribe on the sales or purchases of meals, food, and beverages, and
- The meals, food, and beverages are purchased for consumption on an Indian reservation.

Meals, food, and beverages delivered to a location off reservation are subject to sales and use tax. Similarly, meals, food, and beverages sold or purchased from an eating or drinking establishment's drive through counter or window are presumed to be for consumption off the Indian reservation and are also subject to sales and use tax.

To review the amendments, please see *Proposed Amendments to Regulation 1616* at [www.cdtfa.ca.gov/taxes-and-fees/reg-1616-2020.htm](http://www.cdtfa.ca.gov/taxes-and-fees/reg-1616-2020.htm).

### Industry and Tax and Fee Guides Available Online

Did you know that we currently have 46 online industry and tax and fee guides? We recently added the [Tax Guide for Rental Companies](#) to our list of industry guides.

These industry guides cover a variety of topics to help you understand key issues that may be relevant to your business. They complement our many online [publications](#) which provide more detailed, specific guidance on industry topics.

Our complete list of industry and tax and fee guides is available at [www.cdtfa.ca.gov/industry/](http://www.cdtfa.ca.gov/industry/). We continuously add new information to these guides to better assist you. Also, if you have any suggestions for improving the industry tax and fee guides, please email us at [AIS.IndustryGuides@cdtfa.ca.gov](mailto:AIS.IndustryGuides@cdtfa.ca.gov).

## New Sales and Use Tax Rates Operative July 1, 2021

The district tax changes listed below were approved by California voters in the November 2020 election, except as noted. The tax rate changes apply only within the indicated city or county limits. The new tax rates, tax codes, acronyms, and expiration dates will be available to view and download as a spreadsheet prior to July 1, 2021, on our webpage at [California City & County Sales & Use Tax Rates](#). Go to our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and select [Tax and Fee Rates](#), then choose [Sales and Use Tax Rates](#) (scroll down to [Download](#) for the spreadsheet).

To find the specific tax rate for your area or business location on our website, from the *How Do I* section, select the *Find Your Tax Rate* and then select the *Sales and Use Tax Rates*. From there, go to the [California City & County Sales & Use Tax Rates](#) webpage and select [Find a Sales and Use Tax Rate by Address](#) under the *Current Tax Rates* section. *Please note:* The new rates will be displayed on July 1, 2021.

If you have questions on the tax rates, you may call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available to assist you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

District Tax Rate Changes				
Citywide	New Code	Acronym	Prior Rate	New Rate
City of Carson (located in Los Angeles County)	844	CETU	9.500%	10.250%
City of Corona (located in Riverside County)	938	CRTU	7.750%	8.750%
City of Eureka (located in Humboldt County) <sup>1</sup>	936	ERTU	8.500%	9.250%
City of Fresno (located in Fresno County) <sup>2</sup>	961	FCTU	7.975%	8.350%
City of Santa Rosa (located in Sonoma County) <sup>3</sup>	959	SRTU	9.250%	9.250%

District Tax Rate Changes				
Countywide	New Code	Acronym	Prior Rate	New Rate
Alameda County <sup>4</sup> (This rate applies in all unincorporated areas and in incorporated cities that do not impose a district tax.)	927	ACCT & ACTU	9.250%	10.250%
City of Alameda	928		9.750%	10.750%
City of Albany	929		9.750%	10.750%
City of Emeryville	930		9.500%	10.500%
City of Hayward	931		9.750%	10.750%
City of Newark	932		9.750%	10.750%
City of San Leandro	933		9.750%	10.750%
City of Union City	934		9.750%	10.750%
San Francisco County	940	JPBT	8.500%	8.625%
San Mateo County (This rate applies in all unincorporated areas and in incorporated cities that do not impose a district tax.)	942	JPBT	9.250%	9.375%
City of Belmont	943		9.750%	9.875%
City of Burlingame	944		9.500%	9.625%
City of Daly City	945		9.750%	9.875%
City of East Palo Alto	946		9.750%	9.875%
City of Redwood City	947		9.750%	9.875%
City of San Bruno	948		9.750%	9.875%
City of San Mateo	949		9.500%	9.625%

District Tax Rate Changes				
Countywide	New Code	Acronym	Prior Rate	New Rate
City of South San Francisco	950		9.750%	9.875%
Santa Clara County (This rate applies in all unincorporated areas and in incorporated cities that do not impose a district tax.)	952	JPBT	9.000%	9.125%
City of Campbell	953		9.250%	9.375%
City of Los Gatos	954		9.125%	9.250%
City of Milpitas	955		9.250%	9.375%
City of San Jose	956		9.250%	9.375%

1 The city increased its existing tax of 0.50 percent (ERST) to 1.25 percent (ERTU) and extended the expiration indefinitely.

2 The new district tax was approved by voters in the November 2018 election.

3 The city approved a new 0.50 percent tax (SRTU) consolidating the two existing 0.25 percent taxes (SRGF and SATG) by repealing these taxes and replacing them with a new 0.50 percent tax. Therefore, there is no change to the tax rate. The expiration date of the new tax is June 30, 2031.

4 The new district taxes were approved by voters in the March 2020 (ACCT) and November 2020 (ACTU) elections.

## Salinas Office Closed on April 30, 2021 – Services Available by Appointment

On April 30, 2021, we permanently closed our Salinas Office located at 950 E. Blanco Road, Suite 202, Salinas, CA 93901-4488. Until another office can be established in the area, we will be providing services at a temporary location in Salinas by appointment only.

To schedule an appointment, please call 1-831-754-4500 or email [SalinasInquiries@cdtfa.ca.gov](mailto:SalinasInquiries@cdtfa.ca.gov).

## New Tax Rates for Motor Vehicle and Diesel Fuels – Effective from July 1, 2021, through June 30, 2022

The table below provides the new sales tax prepayment rate per gallon for gasoline, aircraft jet fuel, and diesel fuel that become effective July 1, 2021. The following table provides the current and new excise tax rates per gallon for motor vehicle fuel, aircraft jet fuel, diesel fuel, and aviation gasoline. These new rates will take effect beginning July 1, 2021, through June 30, 2022.

Sales and Use Tax Rates		
Type of Fuel	Prepayment per Gallon	Sales and Use Tax Rates*
Gasoline (motor vehicle fuel)	5.5 cents (\$0.055)	2.25%
Aircraft jet fuel	7.5 cents (\$0.075)	7.25%
Diesel fuel	27 cents (\$0.27)	13.0%
Aviation gasoline	Not applicable	Not applicable

\* You must add district taxes where applicable. District tax rates for your area are available on the CDTFA website at [www.cdtfa.ca.gov/formspubs/cdtfa105.pdf](http://www.cdtfa.ca.gov/formspubs/cdtfa105.pdf).

Excise Tax Rates per Gallon		
Type of Fuel	Through June 30, 2021	Effective July 1, 2021
Gasoline (motor vehicle fuel)	50.5 cents (\$0.505)	51.1 cents (\$0.511)
Aircraft jet fuel <sup>1</sup>	2 cents (\$0.02)	2 cents (\$0.02)
Diesel fuel	38.5 cents (\$0.385)	38.9 cents (\$0.389)
Aviation gasoline <sup>1</sup>	18 cents (\$0.18)	18 cents (\$0.18)

<sup>1</sup> Excise taxes on aircraft jet fuel and aviation gasoline are not subject to an annual adjustment.

## How are the sales tax prepayment rates determined?

The prepayment rate for each gallon of gasoline, aircraft jet fuel, and diesel fuel is calculated at 80 percent of the combined state and local sales tax on the average selling price of the fuel, excluding sales tax, as reported by industry publications. By March 1 of each year, we are required to establish the sales tax prepayment rates. We may adjust these rates during the year if changes in fuel prices cause fuel retailers to prepay too much or too little tax. We will notify you by special notice if this occurs.

## How are the excise tax rates determined?

We are required to adjust the motor vehicle fuel and diesel fuel excise tax rates on July 1 of each year, based on the percentage change in the California Consumer Price Index, as calculated by the Department of Finance.

## For more information

If you have questions, you may call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

## Offer in Compromise Is an Option

Do you owe a tax or fee liability that you are not disputing and cannot pay in full? If you answered yes to this question and you are not associated with a similar business, then you may qualify for the Offer in Compromise (OIC) Program.

The OIC Program may be an option for you if you do not have and will not have the income, assets, or means to pay your full tax liability within a reasonable time. It allows you to make an offer to pay an amount that is lower than the final tax or fee owed. You may also qualify under the following circumstances:

- Beginning January 1, 2009, through January 1, 2023, this program is also available for open and active businesses with an unreimbursed tax or fee on their final liability.
- A consumer that is not required to hold a seller's permit, but has incurred a use tax liability.
- A business successor that has inherited tax liabilities from their predecessor.

Please use our online OIC Pre-qualifier Tool as a guide to assist you in determining whether an OIC is right for you at [www.cdtfa.ca.gov/OIC/](http://www.cdtfa.ca.gov/OIC/).

If you qualify, you must complete an application form and submit this with copies of the supporting documentation described in the application to the local CDTFA [Office](#) or division that handled your account. The local office will forward your request to the OIC Section for evaluation. If your business type is a sole proprietor, you must fill out the [CDTFA 490, Offer in Compromise Application](#). For all others, such as a corporation, limited liability company, limited or general partnership, or trust, you must fill out the [CDTFA 490-C, Offer in Compromise Application for Corporations, LLC's, Partnerships, etc.](#) Additionally, if your business type is a sole proprietor and you have liabilities with CDTFA, Employment Development Department, and/or Franchise Tax Board, you may use the [DE 999CA, Multi-Agency Form for Offer in Compromise](#).

We will review and evaluate your application form and supporting documents. If we accept your offer, we will request the payment in writing. The payment may be made in full or at our discretion. You may enter into an installment payment plan and pay the full amount within 12 months. You will be notified in writing if your offer is approved or denied.

For more information on the OIC Program, you may contact the OIC Section at 1-916-322-7931 and refer to publication 56, *Offer in Compromise* at [www.cdtfa.ca.gov/formspubs/pub56.pdf](http://www.cdtfa.ca.gov/formspubs/pub56.pdf).

## Taxpayer Rights

Every year the Taxpayers' Rights Advocate produces its annual report to highlight the work of the Advocate Office. The report describes involvement in new projects, spotlights current issues, and gives examples of the services the office provides.

This past fiscal year, we made many improvements to programs that are part of the Taxpayers' Bill of Rights. We discovered many opportunities to enhance our services. For more information, see the *2019-2020 Taxpayers' Rights Advocate's Annual Report*, available now at [www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra).

Enacted in January 1989, the Harris-Katz California Taxpayers' Bill of Rights ensures that the rights of California taxpayers are protected during the assessment and collection of sales and use taxes. The Taxpayers' Bill of Rights was expanded in 1993 to include special tax and fee programs.

If you have questions about your rights, or if you have not been able to resolve a problem through normal channels, the Advocate Office can be reached toll-free at 1-888-324-2798 or by visiting [www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra).

## Sign Up Now

If you have not yet created a username and password for your online services account with us, we encourage you to *Sign Up Now*, at [onlineservices.cdtfa.ca.gov/](http://onlineservices.cdtfa.ca.gov/), so you can access your account(s), file returns/reports and make payments using our online services system. Your username and password allow you to perform many account activities online such as: managing multiple accounts, requesting relief of penalties and interest, requesting filing extensions, save banking and updating account information, view return and payment history, and receive alerts and correspondence.

If you need assistance creating a [username and password](#), please see our video tutorials page at [www.cdtfa.ca.gov/services/#Tutorials](http://www.cdtfa.ca.gov/services/#Tutorials), or contact our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

## Cannabis Mark-Up Rate

We are responsible for determining the cannabis mark-up rate every six months, and recently determined that the rate will remain unchanged at 80 percent for the remainder of the 2021 calendar year. To make this determination, we used an analysis of statewide market data to calculate the mark-up rate between the wholesale cost and the retail selling price of cannabis and cannabis products.

The cannabis excise tax is 15 percent of the average market price of the cannabis or cannabis products sold in a retail sale.

The mark-up rate must be used by distributors to compute the average market price of cannabis or cannabis products sold or transferred to a cannabis retailer in an arm's length transaction. In an arm's length transaction, the average market price is the retailer's wholesale cost of the cannabis or cannabis products plus the mark-up rate determined by the CDTFA.

Please see our special notice, *Cannabis Mark-Up Rate Remains at 80 Percent*, at [www.cdtfa.ca.gov/formspubs/L804.pdf](http://www.cdtfa.ca.gov/formspubs/L804.pdf) for additional information regarding the cannabis rates. For the current and past mark-up rates and cultivation tax rates, see our *Tax Rates – Special Taxes and Fees* webpage under the *Cannabis Taxes* section at [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cannabis](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cannabis).

## New Tax Rate for Other Tobacco Products – Effective July 1, 2021, through June 30, 2022

The new tax rate for other tobacco products (products other than cigarettes) is 63.49 percent of the wholesale cost, effective July 1, 2021, through June 30, 2022, and is subject to change annually.

For more information, please see our special notice, *New Tax Rate on Other Tobacco Products Effective July 1, 2021, through June 30, 2022*, at [www.cdtfa.ca.gov/formspubs/L808.pdf](http://www.cdtfa.ca.gov/formspubs/L808.pdf). Current and historical tobacco products tax rates are posted on the *Tax Rates – Special Taxes and Fees* webpage under the *Cigarette and Tobacco Products Tax* section at [www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cigarettetax](http://www.cdtfa.ca.gov/taxes-and-fees/tax-rates-stfd.htm#cigarettetax).

## New Reporting Requirement for Electronic Nicotine Delivery Systems (ENDS) Shipped into California under the Prevent All Cigarette Trafficking (PACT) Act

### Who should register and file PACT Act reports with the CDTFA?

The PACT Act generally applies to out-of-state businesses selling cigarettes, smokeless tobacco products, or ENDS into California. Anyone who sells, transfers, ships for-profit, advertises or offers cigarettes, smokeless tobacco products, or ENDS for sale in interstate commerce into California, or into or through Indian country of an Indian tribe located within California's borders, is required to register and file monthly reports with us.

Generally, businesses located in California do not have a PACT Act reporting requirement with us unless they are selling, transferring, shipping for-profit, advertising, or offering cigarettes, smokeless tobacco products, or ENDS for sale into Indian country within California.

If your business sells, transfers, ships for-profit, advertises or offers cigarettes, smokeless tobacco products, or ENDS for sale in interstate commerce outside of California, you need to contact the state receiving the cigarettes, smokeless tobacco products, or ENDS to register and file PACT Act reports with that state.

### The Legislation

*The Preventing Online Sales of E-Cigarettes to Children Act* (2021 Omnibus Appropriations Bill H.R. 133 section 601) amended the federal definition of cigarette, as used in the PACT Act, to include ENDS, effective March 27, 2021.

### For more information

Please see our special notice, *New Prevent All Cigarette Trafficking (PACT) Act Reporting Requirements for Electronic Nicotine Delivery Systems (ENDS) Effective March 27, 2021*, at [www.cdtfa.ca.gov/formspubs/L801.pdf](http://www.cdtfa.ca.gov/formspubs/L801.pdf), which defines ENDS and provides specific information about registering and filing the monthly report with us. For more information about the PACT Act, please see our *Tax Guide for Cigarettes and Tobacco Products* at [www.cdtfa.ca.gov/industry/cigarette-and-tobacco-products.htm](http://www.cdtfa.ca.gov/industry/cigarette-and-tobacco-products.htm).

## Reduced Tax Rate for Dimethyl Ether and Dimethyl Ether-Liquefied Petroleum Gas Blends Effective July 1, 2021

Effective July 1, 2021, [Assembly Bill \(AB\) 2663](#) (Stats. 2020, ch. 117), changes the current \$0.18 per gallon use fuel tax rate on Dimethyl Ether (DME) and DME-Liquefied Petroleum Gas (LPG) blends to \$0.06 per gallon, for each gallon used.

AB 2663 also authorizes owners or operators of DME or DME-LPG blend-powered vehicles, except interstate users, to pay the flat rate fuel tax.

For more information, please see our special notice, *Reduced Tax Rate for Dimethyl Ether and DME-Liquefied Petroleum Gas Blends Effective July 1, 2021*, at [www.cdtfa.ca.gov/formspubs/L811.pdf](http://www.cdtfa.ca.gov/formspubs/L811.pdf).

## For More Information

All telephone numbers are toll-free.

### Internet

[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)  
[www.taxes.ca.gov](http://www.taxes.ca.gov)

### Customer Service Center

1-800-400-7115  
(CRS:711)

### Seller's Permit Verification

1-888-225-5263  
[www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

### Taxpayers' Rights Advocate

1-888-324-2798  
[www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra)

### Tax Evasion Hotline

1-888-334-3300

### State Legislation

<https://leginfo.legislature.ca.gov/>

### More Articles

#### Available Online

There are occasions when we have more articles than we have space for in this print version of the *Tax Information Bulletin*. The additional articles are available online at [www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm](http://www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm).

#### New and Revised Publications Available Online

For new and revised publications, see our website at [www.cdtfa.ca.gov/formspubs/pubs.htm](http://www.cdtfa.ca.gov/formspubs/pubs.htm).

Thank you for connecting with us.

